

One man's opinion

By Chuck Hardaway

Brazil up close Part 1

Last month I, along with 23 others, accompanied Washington State's Lt. Gov. Brad Owen on a state trade mission to Brazil. My role was as commander of the Association of Washington Generals (AWG), which last year was codified by the state Legislature as the official ambassadors of trade, tourism, and goodwill for the state of Washington. The mission left Seattle October 7 and returned the 16th, traveling about 14,000 miles and visiting three cities. We met with key Brazilian officials in order to foster improved trade relations with Washington State.

It was close to half a century ago when I made my first Air Force flight into Tachikawa, Japan. As I looked down from several thousand feet on that highly populated area, I remarked over the intercom that it looked just like Cleveland, Ohio. Last month, as my Continental flight approached its landing, I had the same impression of Sao Paulo, Brazil, our first stop. From a distance, the world looks much the same -- it's only when you get up close that the living conditions and cultural differences can be observed and, hopefully, better understood and appreciated.

Sao Paulo is a city of 11 million people. When the surrounding area is included, the population swells to about 22 million. Sao Paulo is the third largest city in the world, behind Mexico City and Shanghai. It has a formal Gross National Product (GNP) of \$700 billion U.S. dollars and an informal GNP estimated to be \$1.4 trillion. The informal GNP was explained as including all those "activities" that are not on the official Sao Paulo radar but nevertheless are doing business, just not paying taxes. Sao Paulo is recognized as Brazil's economic lifeline, comprising about 45 percent of the country's GNP. If the state of Sao Paulo, with its 40 million population, were a U.S.A. state, it would rank as our fifth largest economy. This state was described by one speaker as a country within a country -- 40 million people surrounded by a country of 140 million people living in poverty.

Curitiba, our second stop, is a city of ingenuity. As we've all heard, necessity is the mother of invention. However, with little money, as is the case of Brazil, necessity takes on a whole additional dimension of complexity. Curitiba, like all of Brazil's cities, is faced with the problems brought on by poverty and a large population. Such things as waste clean up and transportation needs, faced by all large population centers, are intensified by Brazil's massive poverty.

In Curitiba they recognize the importance of incentives and initiated a successful clean up of their city by

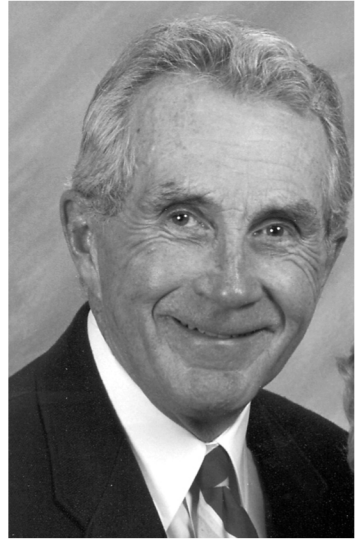
offering an equivalent bag of food (vegetables) for each bag of garbage delivered to the proper waste facility. These waste factories recycle the garbage and convert much of the waste to fertilizer. The fertilizer is then provided to farmers, at no cost, in trade for the vegetables given to the poor. No money changes hands, but everyone benefits with a cleaner and healthier city.

Their answer to the transportation problem was to build special lanes, including private roads through part of the downtown, for exclusive use of buses. Then, with articulated buses and smartly designed passenger waiting areas, they are able to efficiently move twice the people as is done by the subway system in Washington, D.C., and they constructed their system for 1/20 the cost. A ticket from an outlying area to downtown Curitiba costs about 70 cents. Cost is important to decision-making in Brazil. I won't express my opinion at this time on the upcoming decision our governor will make on whether to build a viaduct or tunnel in Seattle.

The country of Brazil with a population of 181 million is larger in area than the continental United States and comprises half the total area of South America. Yet when we mention Brazil, it's Rio de Janeiro that most people think of. Rio, with its Carnival, is Brazil's equivalent of New Orleans' Mardi Gras plus the addition of breathtaking scenery. It's a city of 9 million people built on a ribbon of land between ocean and mountains. However, Rio loses much of its luster when given a closer look. That close observation shows a city of lavishness for tourists but is also rampant with poverty, crime, and inequality.

There are ghettos in the city, with the largest estimated to contain 300,000 residents. Set on large tracts of land and using every square inch of space, these ghettos are created as the very poor construct makeshift shelters one above another, reaching in some cases several stories high. Under Brazilian law, those living on the land for five years receive free title and then become the legal owners of the land and structure. Many of these huge ghettos are controlled by local crime lords, generally associated with drugs.

Rio is a wonderful and exciting city for those of wealth, but, as is all of Brazil, it's a city with extreme levels of inequality and social exclusion. Forty-one million Brazilians, which is 22.6 percent of



its population, live on less than \$2 a day. As an example of contrast, my hotel in Sao Paulo charges \$5 for a small bottle of water and at checkout time tried to charge me \$10. Twenty-two million Brazilians are illiterate. While 33.5 million children enroll in elementary school, only 2.4 million finish elementary school and only 3.4 percent at the correct age.

Brazil is a complex and bureaucratic nation, but its senior leaders recognize benefits to be gained and seem eager to actively support the establishment of successful trade with Washington State. Starbucks will open its doors in Sao Paulo this coming month. Our Lt. Gov. Brad Owen led this trade mission to Brazil in order to lay the groundwork for opportunities for our state to become a major trading partner with Brazil. On our visit, Lieutenant Governor Owen negotiated and signed key documents with senior officials. These memorandums of agreement will help to establish a smoother transition for business entrepreneurship and trade with Brazil.

There is so much to tell about Brazil and its potential partnering in trade with our state that there will be a follow-up article in next week's issue of the Voice.